

# Beaumont Hospitals®

October 5, 2011

To: Members, House Insurance Committee

Re: House Bill 4936

On behalf of Beaumont Health System, I am writing to express our opposition to House Bill 4936 from both the perspective of our patients and as a self-insured employer. We are concerned that seriously injured automobile accident victims will not receive timely rehabilitative care that will assure their optimal recovery. We are also concerned that reduced PIP coverage will lead to cost-shifting to government programs, to self-insured health plans like Beaumont's, and to consumers.

Beaumont Hospital, Royal Oak is the only Level 1 certified trauma hospital serving all of Oakland and Macomb counties. As a result, the most severely injured automobile accident victims are brought to our Emergency Center. Patients with multiple injuries may spend weeks in intensive care and undergo multiple surgeries, which will deplete the \$250,000 minimum in PIP benefits that most motorists would likely chose if House Bill 4936 becomes law.

Beaumont also offers an outpatient Neuro Trauma Rehabilitation Program that provides physical, occupational, speech and language, social work, neuropsychology, driving, and return-to-work therapies to ensure patients regain their maximum functioning. If automobile accident victims exhaust their PIP benefits, access to timely rehabilitative services could be affected – as will the likelihood of a full recovery and return to productive life. Neither Workers' Compensation rates – which would apply if House Bill 4936 passes – nor Medicaid or Medicare provide adequate reimbursement for the rehabilitation services that Beaumont offers. In fact, if Workers' Compensation rates replace the current negotiated rates with automobiles insurers, Beaumont would receive \$26 million less that our current compensation for both inpatient and outpatient care. And, that assumes that there would be reimbursement for services above the \$250,000 PIP minimum, which probably would not be the case.

There is no question that the state would experience increased costs in the Medicaid program for injured victims who exhaust their medical coverage under PIP yet still require further medical care. The State of Colorado saw a 205 percent increase in Medicaid costs associated with motor vehicle accidents after they repealed their no-fault law. Estimates for Michigan are \$30 million annually in increased Medicaid costs if no-fault is repealed. But, the bigger cost is the loss of human potential when injured patients don't receive rehabilitation services to return them to optimal functioning.

There will also be cost shifting to employers. Beaumont, like other employers who are covered by ERISA health plans, would also see an increase in our employee health care costs – costs now covered by employees' automobile insurance programs and the nominal \$145 MCCA assessment for lifetime medical care. Since House Bill 4936 does not guarantee any reduction in automobile insurance premiums for individuals, it is likely our employees will incur higher health care costs than they incur now.

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We urge you to oppose House Bill 4936.

Sincerely,

A handwritten signature in black ink, appearing to read "Lynn Weimeister". The signature is written in a cursive, flowing style.

Lynn Weimeister, Director  
Government & Community Relations